

ROCKWELL INTERNATIONAL CORPORATION
2135 West Maple Road
Troy, Michigan 48064

March 14, 1985

Leo Urban, President
Bossert Manufacturing Company
1002 Oswego Street
Utica, New York 13503

Dear Leo:

Bossert Manufacturing and Rockwell International have a long history of working together as supplier and customer. The recent time of depressed markets has been a difficult one for both of us although Rockwell has made every effort to assist Bossert in regaining its financial health.

We are informing you that effective March 14, 1985, Rockwell will not place additional orders with Bossert Manufacturing. Our July, 1983 Agreement provided that after our obligations under that Agreement were completed on December 31, 1984, we would each evaluate the future relationship between us in the light of our own best interests. Since we completed our obligations in December, we have been reviewing the situation and have come to the conclusion that our best business interests require us to find alternative sources of supply for the components which you have been producing.

In accordance with that decision, we hereby advise as follows:

- (1) All releases for materials only are cancelled as of March 14, 1985.
- (2) Rather than Bossert completing any work-in-process, Rockwell will pay Bossert the profit Bossert would have derived had Bossert completed such work-in-process less any amounts determined due Rockwell from Bossert as a result of advances made Bossert by Rockwell on account of payroll or otherwise.
- (3) Any outstanding invoices from Bossert to Rockwell will be honored as soon as it can be determined what net liability, if any, exists between Rockwell and Bossert.
- (4) As of March 14, there will be no further cash advances to Bossert against accounts receivable.

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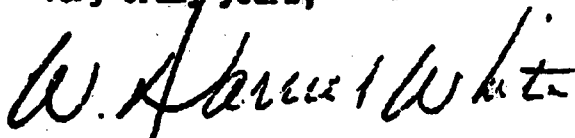


- (5) This letter is also your notice of termination of the steel consignment agreement between us dated August 30, 1984. This termination will be effective immediately. We intend to remove the remaining steel from your premises by truck; please have it marked and ready.
- (6) The provision for notice in advance of cancellation of this Agreement is considered ineffective in light of our direction not to manufacture any further goods on our account and further in light of the fact that the consigned steel can only be utilized for our products.

This letter also notifies you that we wish to immediately remove the machinery in your possession which we purchased on February 15, 1985, and the tooling which was found to be ours under our Agreement of July 19, 1983. We will make every attempt to cause as little disruption as possible in these removals and will work with you toward that end.

To insure the orderly transition of the equipment, tooling and inventory above-listed and to protect our property and preserve the peace during transition, we request your permission at our sole expense to place security guards at appropriate locations within and about your plant. We regret that these actions are necessary and we thank you for the efforts you have made as a Rockwell supplier. We wish you success in the future.

Very truly yours,



W. Darrell White
Commodity Director

WDW/op

AGREEMENT

THIS AGREEMENT, entered into this 19th day of July, 1983 by and between ROCKWELL INTERNATIONAL CORPORATION ("ROCKWELL") and BOSSERT MANUFACTURING CORPORATION ("BOSSERT"). This Agreement shall become effective only upon approval by an appropriate Order of the United States Bankruptcy Court for the Northern District of New York.

WHEREAS, ROCKWELL has, for approximately the last 20 years, purchased certain parts manufactured by BOSSERT upon terms and conditions as they then existed between the parties; and

WHEREAS, on May 20, 1983 BOSSERT filed a Petition for relief and protection under Title 11, Chapter 11 of the United States Code; and

WHEREAS, ROCKWELL wishes to continue to purchase certain of its parts requirements from BOSSERT; and

WHEREAS, BOSSERT conversely wishes to manufacture parts for ROCKWELL; and

WHEREAS, both ROCKWELL and BOSSERT are only willing to continue their relationship on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the parties agree as follows:

1. Term. This Agreement shall become effective upon approval by an appropriate Order of the United States Bankruptcy Court for the Northern District of New York and thereafter continue through December 31, 1984. Subsequent thereto, it is the current intention of the parties to continue their business relationship on such basis as is in their mutual best interests.

2. Sales Volume. Commencing in September, 1983, ROCKWELL agrees to purchase and BOSSERT agrees to produce and sell a minimum monthly volume of \$500,000 of the parts presently produced by BOSSERT at the prices now in existence except as listed on Schedule "A" attached hereto. Should such monthly volume fall below \$500,000, ROCKWELL agrees to retroactively increase prices for the shortfall month so as to add an amount equal to 17.5% of the total deficit to the shortfall month invoices payable to BOSSERT fifteen (15) days from date of invoice. BOSSERT agrees to ship during the current month the dollar value of parts on its order board from ROCKWELL as of the 22nd of the preceding month. Any shortfall of shipments during the preceding month (difference between items on order board as of the 22nd and items actually shipped during the succeeding month) shall be added to the order board for the current month for purposes of establishing a shortfall for that month and the \$500,000 level of business previously referred to. BOSSERT shall, however, be afforded adequate time to produce ordered goods.

ROCKWELL's obligation for minimum monthly purchases, as hereinabove described, shall inure solely to the benefit of BOSSERT, as that corporation is presently constituted and shall not inure to the benefit of BOSSERT's successors or assigns, and in particular, shall not be assumable by any successor Trustee in Bankruptcy. In the event that BOSSERT breaches its obligations to ROCKWELL, as described hereinafter in Paragraph 12, or otherwise ceases doing business, ROCKWELL's corresponding obligation to pay BOSSERT for any differential between the then monthly order level and the sum of \$500,000 shall terminate.

3. Surplus Inventory. BOSSERT presently has in its possession an inventory of finished goods for which it has no orders, either from ROCKWELL or others. ROCKWELL has no present or presently known future need for such

inventory. ROCKWELL has agreed, as a component of this total Agreement, to pay BOSSERT \$50,000 for all of such inventory, such purchase to be consummated within seven (7) days of a Court Order approving such sale.

4. Payment of Accounts. ROCKWELL agrees to forthwith liquidate all existing uncontested accounts payable to BOSSERT. Commencing in August, 1983, all accounts shall be paid on a 15-day basis from date of invoice. ROCKWELL further agrees to refrain from offsetting BOSSERT invoices with debit memos for a period of 15 days from the date of the memo.

5. Shipping Containers. The parties agree that all shipping containers shall be provided on a consignment basis without any actual billings, with periodic physical inventory of same as may be required by ROCKWELL.

6. Title to Certain Tooling at BOSSERT. BOSSERT agrees to assign, deed and convey to ROCKWELL, without any additional consideration, any and all tooling presently in its possession, or at any time shipped by BOSSERT to third parties, to produce any parts listed on Schedule "B" attached hereto, except standard tools (i.e. blank and trim dies). BOSSERT acknowledges that ROCKWELL asserts that it is and has been the owner of certain of the tools and dies since the time of BOSSERT's acquisition of its present facility. Certain other of the tooling is and has always been the property of BOSSERT. Referenced Schedule "B" is to be provided no later than September 1, 1983.

ROCKWELL shall also have, in its sole discretion the right to acquire certain standard tools used by BOSSERT exclusively for ROCKWELL parts at mutually agreeable prices not to exceed in the aggregate the sum of \$100,000 or 50% of the replacement cost of such tools, whichever is less. It is understood that during the term of this Agreement, all tooling necessary to produce the parts listed on Schedule "C" shall remain at BOSSERT.

(Schedule "C" is to be produced on or before September 1, 1983.)

7. Inventory Obligation. ROCKWELL agrees to accept the total quantity released within 90 days following the original release scheduled receipt date. In cases where reschedules are required, BOSSERT will make every effort to cancel material and/or processing immediately upon notification of the reschedule.

8. Tooling Quality at BOSSERT. BOSSERT shall review each part made for ROCKWELL, as released, to determine what is required to bring the tooling into conformance with SQA-80 standards for all subsequent releases. A detailed quality report, tooling cost estimate and time table shall be submitted to refurbish existing tooling or to make new tools to accomplish the above. New tools may make possible process simplification and resulting lower unit cost. ROCKWELL will either approve or suggest satisfactory alternatives or change the part print to conform to the part as made; this decision to be made by ROCKWELL within ²⁴~~48~~ hours. It shall be the responsibility of BOSSERT to maintain all tools at the agreed upon level from the date of completion thereafter.

9. Operational Review. BOSSERT would welcome a ROCKWELL Supplier Review that would include an assessment of BOSSERT facilities, procedures and Management. Such a team will be allowed full access to BOSSERT staff and records in conducting this review.

10. Quality Certification. ROCKWELL will provide personnel to assist BOSSERT to establish an implementation plan that will enable BOSSERT to become SQA-80 certified. Additional assistance in the areas of operator process control, costing procedures, physical inventory, etc. may be provided as agreed upon.

11. Other Assistance. It is understood that BOSSERT has and will continue to solicit similar help from its other customers.

12. Immediate Possession to Parts, Tools, Dies. Should BOSSERT fail to perform its material obligations hereunder, or under its various contract documents with ROCKWELL, or should Debtor's Reorganization proceeding be converted to a case under Chapter 7, ROCKWELL shall immediately have a right to possession and absolute ownership of all of the tooling necessary to produce the parts listed on Schedule "B".

13. General.

(a) This Agreement represents the entire understanding of the parties hereto and supersedes all other agreements except the Consignment Agreement dated February 3, 1983, which remains in full force and effect.

(b) The parties hereto upon the effectiveness of this agreement will execute mutual releases as to all obligations, claims and causes of action except those contained herein or pursuant to the aforementioned Consignment Agreement.

(c) It is agreed that the parties shall use their best efforts to have this agreement, and specifically ROCKWELL's priority and rights under Paragraphs 6 and 12, formally approved and accepted by the Court in the currently pending Chapter 11 proceeding in the Federal Court, Northern District.

BOSSERT MANUFACTURING CORPORATION

BY: *Leo J. Marketos*

ROCKWELL INTERNATIONAL CORPORATION

BY: *W. J. White*
Mgr, Direct Procurement

SO ORDERED:

Hon. Leon J. Marketos
United States Bankruptcy Judge

Dated: _____